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Message Text

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SECSTATE WASHDC 5882
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UNCLAS SECTION 1 OF 2 BELGRADE 2252

EO 11652: NA
TAGS: BTIO, YO
SUBJ: VOJVODINA TRADE/INVESTMENT OPPORTUNITIES

STATE PLEASE PASS TO:
VIRGINIA YORIO FOR J.S. WALKER, USYEC
GENERAL ELECTRIC COMPANY
570 LEXINGTON AVE
NEW YORK, NY 10022
TELEX: RCA 234 698

SUMMARY: VISIT TO VOJVODINA BY EMBASSY COMMERICAL TEAM REVEALED IMPORTANT TRADE AND INVESTMENT OPPORTUNITIES FOR US FIRMS IN SEVERAL INDUSTRIAL PROJECTS WHICH HAVE HIGH PRIORITY IN PROVINCIAL PLANNING. PROJECTS NOW IN ADVANCED PLANNING STAGE INCLUDE PRODUCTION FACILITY FOR ELECTRONIC COMPONENTS AND ELECTRICAL EQUIPMENT, SAUSAGE CASING PLANT, MULTI-PRODUCT FOOD PROCESSING PLANT, SOY PROCESSING FACILITY, AND TRACTOR AND BUILDING MACHINERY PRODUCTION PROGRAM. IN ALL THESE PROJECTS THERE IS KEEN INTEREST IN OBTAINING LATEST US TECHNOLOGY AND ENGAGING US FIRMS IN LONG-TERM COOPERATION. MAJOR GOAL OF EXPORT PROMOTION PLAN WHICH MAY INCLUDE INVESTMENT IN US FACILITY IS TO INCREASE EXPORTS OF MEAT PRODUCTS. END SUMMARY.
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1. ON MARCH 7 EMBASSY COMMERICAL TEAM LED BY ECON COUNSELOR EVANS MET WITH VOJVODINA SECRETARY FOR FOREIGN ECONOMIC RELATIONS AND SENIOR OFFICIALS OF SEVERAL LARGE PROVINCIAL ENTERPRISES. SECRETARY STRESSED GREAT INTEREST WHICH LOCAL ENTERPRISES HAVE IN US MARKET BOTH AS PLACE TO BUY AND SELL. EEC TRADE BARRIERS

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ARE FORCING YUGOSLAVIA TO LOOK INCREASINGLY TO OTHER
LARGE INDUSTRIAL MARKETS TO EXPAND EXPORTS AND GENERATE
NEW CAPITAL INVESTMENT. IT WAS ALSO NOTED THAT
RELATIVELY BALANCED TRADE BETWEEN US AND YUGOSLAVIA
WILL GIVE US FIRMS COMPETITIVE ADVANTAGE VIS-A-VIS
FIRMS FROM COUNTRIES WITH LARGE TRADE DEFICITS.

2. THE FOLLOWING PROJECTS WERE NOTED AS OFFERING
IMPORTANT TRADE AND INVESTMENT OPPORTUNITIES FOR US
FIRMS. IN SEVERAL INSTANCES THE YUGOSLAV ENTERPRISE
HAS ALREADY BEEN IN CONTACT WITH ONE OR MORE US COMPANIES
TO DISCUSS POSSIBILITIES FOR JOINT VENTURE OR LONG-TERM
COOPERATION. EXCEPT WHERE SPECIFICALLY NOTED, THESE
ENTERPRISES WOULD WELCOME OFFERS FROM OTHER FIRMS.
A) ELECTRICAL EQUIPMENT AND ELECTRONIC PRODUCTS.
SEVER-GORENJE, SUBOTICA, WHICH IS YUGOSLAVIA'S LARGEST
PRODUCER OF ELECTRIC MOTORS, HAS DRAWN UP A
TWO-STAGE DEVELOPMENT PROGRAM TO EXPAND ITS PRODUCT
LINE. IN THE FIRST STAGE WHICH IS SET FOR COMPLETION
IN 1978-80, IT PLANS TO INTRODUCE THE FOLLOWING
PRODUCTS: SEMI-CONDUCTIVE TRANSFORMERS, REGULATORS,
BATTERIES AND VARIOUS ELECTRICAL MEASURING INSTRUMENTS.
DURING THE SECOND STAGE WHICH WILL BEGIN IN THE EARLY
1980'S, THE FOLLOWING PRODUCTS WILL BE ADDED: ELECTRONIC
CIRCUITS, MICROPROCESSORS, ELECTRONIC DETECTION AND
SIGNALING EQUIPMENT, TELEMETRIC DEVICES, DOSIMETERS,
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ELECTRONIC SUBSYSTEMS FOR NC MACHINES, ELECTRONIC
BALANCING INSTRUMENTS, AND PHOTO AND OPTOELECTRONIC
DEVICES. THE ENTERPRISE IS SEEKING ADVANCED TECHNOLOGY
EITHER THROUGH A JOINT VENTURE OR LONG-TERM CO -PRODUCTION.
FOR MORE INFORMATION, FIRMS SHOULD CONTACT ALEKSANDAR UZELAC,
GENERAL DIRECTOR, SEVER-GORENJE, MAGNETNA POLJA 6,
SUBOTICA, TEL 26-512, TELEX 15116 YU SEVER.
B) SAUSAGE CASING PLANT.
KOPRODUKT, NOVI SAD, WILL BE ONE OF SEVERAL INVESTORS
IN A MULTI-MILLION DOLLAR FACILITY TO PRODUCE ARTIFICAL
CASINGS FOR SAUSAGES. THE FACILITY, WHICH ALREADY HAS
BEEN APPROVED BY FEDERAL AUTHORITIES, WILL SUPPLY
CASINGS TO ALL THE COUNTRY'S SLAUGHTER HOUSES AND WILL
BE INCORPORATED INTO ANOTHER PLANT FOR PRODUCING
CONTAINERS WHICH IS BEING DESIGNED BY TEEPAK, A
SUBSIDIARY OF CONTINENTAL CAN CO. KOPRODUKT IS VERY
INTERESTED IN HAVING A US FIRM PARTICIPATE AS A JOINT
VENTURE PARTNER IN THE PROJECT BECAUSE THE UNITED
STATES IS KNOWN TO HAVE THE BEST TECHNOLOGY. CONTACT
HAS ALREADY BEEN MADE WITH DERVO, DIVISION OF JOHNSON
AND JOHNSON AND UNION CARBIDE CORP., BUT THEIR RESPONSES
WERE NOT ENCOURAGING. WHILE DERVO'S TECHNOLOGY IS

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HELD IN THE HIGHEST REGARD, THE ENTERPRISE WOULD BE
WILLING TO CONSIDER OFFERS FROM OTHER POTENTIAL PARTNERS.
INQUIRIES SHOULD BE SENT TO STEVAN UHLARIK, GENERAL
DIRECTOR, KOPRODUKT, BUL. MARSALA TITA 6, TEL 51-661,
TELEX 14150.
C) PLANT FOR CONDENSED SOUP, BABY FOOD AND READY MEALS.
AGRICULTURAL KOMBINAT VRBAS IS SEEKING A JOINT VENTRUE
PARTNER TO INVEST IN A MULTI-PRODUCT FOOD PROCESSING
PLANT COSTING ABOUT DOLLARS 10 MILLION. IT DISCUSSED
THE PROJECT WITH HEINZ IN PITTSBURGH WHICH INITIALLY
EXPRESSED INTEREST BUT MOST RECENTLY INDICATED THAT IT
IS NOT PREPARED TO PARTICIPATE. ALTHOUGH HEINZ IS THE
PREFERRED PARTNER, VRBAS WOULD CONSIDER OFFERS FROM
OTHER US FIRMS WITH EXPERIENCE IN THESE PRODUCT
LINES. FIRMS MAY REQUEST MORE DETAILED INFORMATION
FROM MR. STEVAN TADIC, GENERAL DIRECTOR, PIK VRBAS,
KULSKI PUT, 21460, BRBAS, TEL 70-102, TELEX 14181 YU VRBAS.
D) SOY BEAN PROCESSING PLANT.
AGRICLUTURAL KOMBINAT BECEJ IS CONSTRUCTING A DOLLARS
75 MILLION PLANT TO PROCESS SOY BEANS FOR HUMAN
CONSUMPTION. IT IS LOOKING FOR A JOINT VENTURE
PARTNER WHO CAN OFFER PROCESSING TECHNOLOGY AND SHARE
IN EQUIPMENT COSTS. SINCE 1975 IT HAD BEEN DISCUSSING
THE POSSIBILITY OF A JOINT VENTRUE WITH RALSTON-PURINA
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BUT THE TWO FIRMS HAVE NOT BEEN ABLE TO REACH AGREEMENT.
BECEJ HAS RECENTLY ISSUED A TENDER ON THE PROJECT AND
IS HOPING THAT OTHER US FIRMS WITH ADVANCED PROCESSIGN
EUQIPMENT AND TECHNOLOGY WILL RESPOND EITHER WITH AN
OFFER FOR DIRECT SALE OR JOINT VENTURE. TENDER DOCUMENTS
CAN BE OBTAINED FROM THE PAN ISTITUTE, NOVI SAD,
KOSOVSKA 25, TEL 27-377, TELEX 14297. INQUIRIES REGARDING
JOINT VENTURE POSSIBILITIES SHOULD BE SENT TO SAVA
IVANCEVIC, GENERAL DIRECTOR, PIK BECEJ, BECEJ 21220,
TEL 80-860, TELEX 14101.
E) METHANOL AND ACETIC ACID COMPLEX, KIKINDA.
NAFTAGAS, HERMIJSKA INDUSTRIJA PANCEVO AND THE COMMUNITY
OF KIKINDA HAVE JOINED TOGETHER TO FOUND A NEW ENTERPRISE
FOR THE PRODUCTION OF METHANOL AND ACETIC ACID.
TO PUT THE ENTERPRISE IN OPERATION WILL REQUIRE INVESTMENT
OF DOLLARS 160 MILLION IN PLANT, EUQIPMENT,
TECHNOLOGY AND ENGINEERING SERVICES. NEGOTIATIONS ON
A JOINT VENTURE AGREEMENT ARE ALREADY FAR ADVANCED
WITH C.E. LUMMUS WHICH WILL SUPPLY THE PRINCIPAL
TECHNOLOGY COMPONENT. OTHER US FIRMS, HOWEVER,
WILL VERY SHORTLY BE ASKED TO BID ON PROCESSING
EQUIPMENT AND INSTRUMENTATION.
F) AGRICULTURAL EQUIPMENT AND MACHINERY.
POBEDA, NOVI SAD, WANTS TO EXPAND ITS LINE OF
MACHINERY AND AGRICULTURAL EQUIPMENT TO INCLUDE
HEAVY DUTY WHEEL TRACTORS (100-300 HP), HEAVY DUTY
AGRICULTURAL IMPLEMENTS, DIESEL ENGINES (150-420 HP)
AND VARIOUS BUILDING MACHINES. THE ENTERPRISE IS MAKING
A PROPOSAL TO INTERNATIONAL HARVESTER FOR JOINT
COLLABORATION ON THESE PRODUCTS EITHER THROUGH
CO-PRODUCTION OR A COMMON INVESTMENT. DEPENDING ON IH'S
RESPONSE, POBEDA MAY OR MAY NOT BE INTERESTED IN
DISCUSSING THIS DEVELOPMENT PROGRAM WITH OTHER US FIRMS.
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G) OTHER PROJECTS IN WHICH US FIRMS HAVE GOOD TRADE
AND INVESTMENT PROSPECTS ARE A POLYPROPYLENE PLANT AND
TWO NITROGEN FERTILIZER PLANTS. THESE PROJECTS ARE
STILL IN THE EARLY PLANNING STAGE AND MORE DETAILED
INFORMATION WILL BE PROVIDED AT A LATER DATE.

3.VOJVODINA EXPORT PROMOTION.
A MAJOR GOAL IS TO INCREASE EXPORTS OF CANNED HAMS TO
THE UNITED STATES. SALES ARE EXPECTED TO GROW TO
ALMOST DOLLARS 50 MILLION IN 1978, UP FROM DOLLARS
40 MILLION IN 1977. KOPRODKT, THE PROVINCE'S

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PRINCIPAL HAM EXPORTER, IS NOW STUDYING THE POSSIBILITY
OF OPENING A SMALL SLICING AND PACKAGING FACILITY IN
THE UNITED STATES TO EXPAND ITS PRODUCT ASSORTMENT.
OTHER EXPORTS TO THE UNITED STATES WHICH VOJVODINA WILL
CONTINUE TO PROMOTE INCLUDE PIPE FITTINGS, LATHES,
ARMATURES, LEATHER FOOTWEAR AND MEN'S AND WOMEN'S CLOTHING.

4. INQUIRIES REGARDING SPECIFIC TRADE AND INVESTMENT
OPPORTUNITIES SHOULD BE SENT DIRECTLY TO THE ENTERPRISE
OR BUSINESS ASSOCIATION IN QUESTION. ALTERNATIVELY,
CORRESPONDENCE CAN BE SENT TO SVETOZAR RAKIC, SECRETARY
FOR FOREIGN ECONOMIC RELATIONS, EXECUTIVE COUNCIL OF
SAP VOJVODINA, NOVI SAD, TEL 021/56-125. US FIRMS
ARE ENCOURAGED TO SEND A CARBON COPY OF ANY INITIAL
CORRESPONDENCE TO THE EMBASSY AS THIS WILL FACILITATE
FOLLOW-UP ON SUBSEQUENT VISITS.
WORTZEL

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